

Co-ops oppose changes in hydropower rate design

Almost 50 years ago, Corn Belt Power Cooperative partnered with the federal government and agreed to pay what was then higher costs for hydropower (compared to diesel generation) in exchange for a guarantee of continued access to that power and a promise of lower rates over the long term.

Today, electric co-ops members continue to pay for the federal investment in hydropower, ensuring they retain access to reliable, affordable and renewable hydropower.

In a March 2012 memo to the Power Marketing Administrations (PMAs) that oversee federal hydropower production, U.S. Department of Energy Secretary Steven Chu called for a new rate design that would collect additional funding to be used for non-hydro renewable energy development, energy efficiency, demand response systems and electric vehicles.

Corn Belt Power and its member cooperatives oppose this new rate design because it would:

- **Increase costs for consumers.** This new rate design abandons the promise of keeping hydropower affordable.
- **Unfairly target rural consumers.** People in rural areas who receive the hydropower would be paying higher rates to fund research programs for others.
- **Duplicate programs already in existence.** Electric cooperatives have a long-standing record of promoting renewable energy, energy efficiency programs and demand response programs. In the Corn Belt Power system, electric co-ops have set a goal to spend more than \$8.4 million in energy efficiency programming from 2010 to 2014. This investment goal increases to \$83 million statewide for all electric co-ops in Iowa over the five-year period.

In 2009, Corn Belt Power's application on behalf of its member co-ops resulted in a grant from the U.S. Department of Energy that has been used to install automatic metering and smart grid technology needed for the co-ops' load management program. Our demand response program has been launched with new water heater controls added each month. Corn Belt Power is actively controlling load and reducing its monthly peak.

Energy efficiency and demand response are efforts that belong at the retail level of local electric cooperatives, not at a federal government level. We have in place active programs that do not need to be duplicated by the Power Marketing Administrations by charging higher rates on hydropower.